AIR POUCH
PRIORITY

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SEP 26 1953

FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, GUATEMALA — 275 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — September 25, 1953 DATE

REF : -- F790004-1119

Assigned to ... Action Taken ... Central Files

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Date of Action 10-1-53

SUBJECT: WEEKA NO. 39 - ECONOMIC SECTION

No. Office Symbol (AA)

SECTION II Of Officer

Action to DC/R

Foreign Trade (Unclassified)

Acting on the recommendations of a commission of Government experts and private customs agents appointed last December to study changes in customs procedures (WEEKA No. 52), the Guatemalan Ministry of Finance announced this week that as of October 20 a single consolidated instruction would replace 4,309 separate customs regulations and interpretations issued between 1932 and August 1, 1953. The new instruction would not supersede any laws or resolutions now in force but would facilitate the elimination of the lengthy delays in movement of merchandise through customs and the numerous petty fines due to misunderstandings of regulations which the present scattered series of instructions gave rise to.

In another move designed to facilitate the flow of imports, the Ministry of Finance exempted until December 31, 1953 imports of foods, beverages, and condiments from Spain from the 100 percent surcharge imposed on Spanish products because of the unfavorable trade balance. Spanish wines, cognacs, olives and sardines have a ready market in Guatemala and merchants are expected to take immediate advantage of the Ministry's ruling to increase their purchases of those items. Total imports from Spain in 1952 were $205,000.

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In contrast with the above evidence of cooperation the Government pointedly ignored widespread protests from businessmen and promulgated a law granting the Guatemalan Army Commissary freedom from import duties on articles not produced in the country. (WEEKA No. 37)

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DECLASSIFICATION DATE 1130178 PER CAUMAN OFFICE ARA FADRC FOI CASE NO. 740332

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Since the Commissary's establishment in 1948, Guatemalan merchants have opposed its free entry privileges, which previously were granted on an annual basis in each year's budget decree, and such protests increased as the Commissary's imports of personal items for the approximately 6,500 members of the armed forces reportedly rose to about $2,000,000 in 1952. However, the arguments of business circles were unavailing.

End Restricted

Civil Aviation (Unclassified)

According to press reports, the Dutch airline KLM will begin service to Guatemala on its Curacao-Salvador-Mexico-Montreal-Europe route on October 11, thus providing Guatemala with its first through air service to Europe and avoiding stops in the United States or in Cuba. A local tourist agent has confirmed that he has been authorized to sell tickets for weekly north and southbound flights after that date.

The press reported on September 18 that KLM officials and the Guatemalan Ministry of Foreign Relations were arranging final details of the operating contract but no further information has been made public.

R. E. Schoenfeld

Rudolf E. Schoenfeld

cc: Madrid
The Hague

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(With unclassified deletions)